

STATE OF OKLAHOMA

1st Session of the 43rd Legislature (1991)

HOUSE BILL NO. 1299

BY: VEITCH

AS INTRODUCED

AN ACT RELATING TO OIL AND GAS; AMENDING 52 O.S.

1981, SECTIONS 29 AND 232, WHICH RELATE TO GAS
WELLS; PROVIDING FOR INTERPRETATION OF LAW;
PROVIDING FOR DETERMINATION OF THE RATE OF FLOW OF
GAS ALLOWED TO BE TAKEN FROM CERTAIN WELLS;
SPECIFYING CERTAIN LIMITATIONS; GIVING CORPORATION
COMMISSION CERTAIN POWERS AND DUTIES; AND PROVIDING
AN EFFECTIVE DATE.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 52 O.S. 1981, Section 29, is amended to read as follows:

Section 29. Every corporation, joint-stock company, limited copartnership, partnership or other person now or hereafter claiming or exercising the right to produce natural gas or to carry or to transport natural gas through pipeline or pipelines for hire, compensation, or otherwise, within the limits of this state, is allowed by and upon compliance with the requirements of this act, as owner, lessee, licensee, or by virtue of any other right or claim is hereby prohibited from taking more than ~~fifty percent (50%) of the daily natural flow of any gas well or wells unless, for good cause shown under the exigencies of the particular case, the Corporation~~

~~Commission shall establish a different percentage under the prescribed rules and regulations therefor that provided in Section 232 of this title.~~

SECTION 2. AMENDATORY 52 O.S. 1981, Section 232, is amended to read as follows:

Section 232. ~~Any~~ A. The Legislature finds and declares that it is in the public interest to prevent the waste of natural gas and to protect the correlative rights of owners and producers of natural gas underlying the State of Oklahoma and, for that purpose, it is necessary and desirable in the exercise of the police power of the state to provide for limitations on gas production on a statewide basis. Therefore, except as provided by order of the Corporation Commission pursuant to Section 239 of this title, any owner, producer, or oil and gas lessee of the surface, having the right to drill for natural gas, shall have the right to sink a well to the natural gas underneath the same and to take gas therefrom until the gas under such surface is exhausted; ~~in case other parties having the right to drill into the common reservoir of gas drill a well or wells into the same, then the amount of gas each owner may take therefrom shall be proportionate to the natural flow of his well or wells to the natural flow of the well or wells of such other owners of the same common source of supply of gas, such natural flow to be determined by any standard measurement at the beginning of each calendar month; provided, that not more than fifty percent (50%) of the natural flow of any well shall be taken unless, for good cause shown and upon notice and hearing, the Corporation Commission may, by proper order, permit the taking of a greater amount. The drilling of a gas well or wells by any owner or lessee of the surface shall be regarded as reducing to possession his share of such gas as is shown by his well. provided that:~~

1. No well shall produce at a rate which causes waste; and

2. If two or more wells on separately owned tracts produce from the same common source of supply, the amount of gas which may be taken from each well on an annual basis shall be proportionate to the wellhead absolute open flow potential of the well or wells to the wellhead absolute open flow potential of the well or wells of other owners of the common source of supply of gas, such wellhead absolute open flow to be determined annually as provided in this section; and

3. If the well does not produce from any drilling and spacing unit established pursuant to Section 87.1 of this title, the maximum permitted rate of production shall not exceed the maximum permitted rate of production established pursuant to subsection B of this section; and

4. If the well produces gas from a drilling and spacing unit established pursuant to Section 87.1 of this title, the drilling and spacing unit shall not produce annually more than the maximum permitted rate of production prescribed by subsection B of this section, unless the Corporation Commission establishes separate rates of productions for the wells within the drilling and spacing unit; and

5. If a well produces from two or more common sources of supply commingled in the wellbore, the production shall be treated for purposes of production limitations of this section as though it produces from a single common source of supply.

B. For purposes of paragraphs 1 through 5 of subsection A of this section, the maximum permitted rate of production for the calendar year shall not exceed the number of days in the calendar year multiplied by the greater of one million (1,000,000) cubic feet of gas per day or fifty percent (50%) of the wellhead absolute open flow potential of the well or drilling and spacing unit, whichever is applicable. The Corporation Commission may establish a different

amount as may be necessary to prevent waste or protect correlative rights.

C. For purposes of this section, the Corporation Commission shall establish standards of measurement to determine the wellhead absolute open flow potential of a well pursuant to Section 473 of this title.

D. The Corporation Commission shall issue orders and rules and regulations enforcing the provisions of this section, including but not limited to orders and rules and regulations shutting in overproduced wells until underproduction equals overproduction.

E. Nothing in this section shall be considered as limiting the powers of the Corporation Commission.

SECTION 3. This act shall become effective September 1, 1991.

43-1-5236

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